

**INFORMATIONAL LETTER NO. 2157-MC-FFS**

**DATE:** September 10, 2020

**TO:** Iowa Medicaid Hospital, Physicians, Dentists, Podiatrists, Optometrists, Opticians, Pharmacy, Home Health Agency, Independent Lab, Ambulance, Medical Supply Dealers, Clinics, Rural Health Clinics, Chiropractors, Audiologists, Skilled Nursing Facilities, Rehab Agencies, Intermediate Care Facilities (ICF), Community Mental Health Centers, Mental Hospitals, Community Based Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/ID), Psychologists, Hearing Aid Dealers, Orthopedic Shoe Dealers, Ambulatory Surgical Centers, Certified Registered Nurse Anesthetists, Hospice, Clinical Social Workers, Federal Qualified Health Centers (FQHC), Nursing Facility-Mental Ill, and Advance Registered Nurse Practitioners

**APPLIES TO:** Managed Care (MC), Fee-for-Service (FFS),

**FROM:** Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

**RE:** Medicare Part A and Part B Crossover Claims for Dually Eligible Medicare and Medicaid Members

**EFFECTIVE:** Upon Receipt

**\*\*This Informational Letter replaces IL 1803-MC-FFS dated June 1, 2017\*\***

The state fiscal year (SFY) 2018/19 Human Services appropriations bill (House File 653), included a number of legislatively mandated cost-containment initiatives. One such initiative requires DHS to implement changes to ensure the total reimbursement for Medicare Part A and Part B crossover claims is limited to the Medicaid reimbursement amount under authority of federal law [§1902(n)(2) of the Social Security Act].

The changes will be effective for dates of service on or after July 1, 2017, for Medicaid FFS and IA Health Link (MCO) claims.

Effectively, Iowa Medicaid pays the lesser of the following:

- 1) The cost sharing (deductible and/or coinsurance) that, absent Medicaid eligibility, would have been owed by the Medicare beneficiary, **or**
- 2) The difference between the sum of what Medicare and all other third party insurers paid and the Medicaid fee for the same services or items.

The financial obligation of Iowa Medicaid for services is based upon Medicare and all other third party insurer amounts, not the provider's charge. Medicaid will not pay any portion of Medicare Part A and Part B deductibles and coinsurance when payment that Medicare and all other third party insurers has made for the services or items equals or exceeds what Medicaid would have paid had it been the sole payer.

### **Coordination of Benefits**

Coordination of benefits (COB) applies to Medicaid members who have coverage with more than one health care plan. By Federal law, all other available third party resources (except for Medicare or Medicaid) hold a liability (third party liability or TPL) and must meet their legal obligation to pay claims before Medicaid pay claims before Medicaid pays for the care of an individual eligible for Medicaid. Therefore, Medicaid is generally the "payer of last resort".

Medicaid does not participate in COB in the same way as other insurers. Medicaid is never primary payer and will only make payments up to the Medicaid allowable amount. Essentially, the total amount paid between the primary plan and Medicaid should not exceed 100% of the total Medicaid allowable amount.

Example of Medicaid COB:

Actual charge by provider	\$200.00
Amount allowed by primary payer	\$75.00
Amount paid by primary payer	\$75.00
Amount allowed by Medicaid	\$100.00
Amount paid by Medicaid	\$25.00

### **IME Eligibility Verification Tools**

The IME offers two options for providers to confirm member eligibility, a web portal and telephone line. Both are available 24 hours a day 7 days a week. The [ELVS web portal](#)<sup>1</sup> allows for multiple or batch member eligibility verification over the one-at-a-time method when using the telephone line. Providers must enroll through the Electronic Data Interchange Support Services (EDISS). A login ID and password may be obtained through EDISS by submitting the [Access Request Form](#)<sup>2</sup> to EDISS or by calling EDISS at 1-800-967-7902.

Eligibility Verification via Telephone Line:

- 515-323-9639 (locally in Des Moines)
- 1-800-338-7752 (toll-free)

For more information, please refer to [Informational Letter 1650-MC](#)<sup>3</sup>.

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<sup>1</sup> <https://ime-ediss5010.noridian.com/iowaxchange5010/LogonDisplay.do>

<sup>2</sup>

<http://r20.rs6.net/tn.jsp?t=ybs9at9ab.0.0.jhqd7awab.0&id=preview&r=3&p=http%3A%2F%2Fwww.edissweb.com%2Fdocs%2Fmed%2Fadd-access-request-IME.pdf>

<sup>3</sup> [https://dhs.iowa.gov/sites/default/files/1650-MC\\_EligibilityVerificationSystem\\_CheckingEligibilitywithMCOs.pdf](https://dhs.iowa.gov/sites/default/files/1650-MC_EligibilityVerificationSystem_CheckingEligibilitywithMCOs.pdf)

## Medicare Part A or Part B Deductible and Coinsurance – Services Covered in the Medicaid State Plan

For services covered in the Iowa Medicaid State Plan, Iowa Medicaid reimburses Medicare Part A or Part B cost sharing amounts up to the Medicaid fee, less any amounts paid by Medicare and all other third party insurers. If this amount is negative, no Medicaid payment is made. If this amount is positive, Medicaid pays the lesser of:

- 1) The cost sharing amount up to the Medicare Part A or Part B deductible and/or coinsurance billed, **or**
- 2) The Medicaid Fee less any amounts paid by Medicare and all other third party insurers.

**Example 1:** Patient A is a beneficiary enrolled in Medicare Part B with \$100.00 remaining towards the deductible. The service rendered on the crossover claim equals \$150.00; however, the Medicare allowable payment for the service rendered is \$100.00. Iowa Medicaid's fee for the service rendered is \$75.00.

- Beneficiary still has to meet their \$100 deductible; which in this example is the same as the Medicare allowable payment, therefore, Medicare pays \$0.00.
- Iowa Medicaid's fee for this service is \$75.00.
- Difference between Medicare paid and Medicaid fee is \$75.00. (\$75.00 - \$0.00).

Iowa Medicaid pays the lesser of the cost sharing that would have been owed by the Medicare beneficiary or the difference between what Medicare paid and the Iowa Medicaid fee amount.

Patient A Medicare deductible amount	\$100.00
Actual charge by provider	\$150.00
Amount allowed by Medicare	\$100.00
Amount paid by Medicare	\$0.00
Amount allowed by Medicaid	\$75.00
Amount paid by Medicaid	\$75.00

**Example 2:** Patient B is a beneficiary enrolled in Medicare Part B. The service rendered on the crossover claim equals \$150.00; however, the Medicare allowable payment for the service rendered is \$100.00. Medicare paid \$80.00 on the claim and Iowa Medicaid's fee for the service rendered is \$75.00.

- Medicare paid \$80.00 with a remaining \$20.00 in coinsurance. (\$100.00 - \$80.00).
- Iowa Medicaid's fee for this service is \$75.00.

The Medicare payment exceeds the Iowa Medicaid fee amount; therefore, Iowa Medicaid does not make any additional payment to the provider.

Actual charge by provider	\$150.00
Amount allowed by Medicare	\$100.00
Amount paid by Medicare	\$80.00
Patient B Medicare coinsurance amount	\$20.00
Amount allowed by Medicaid	\$75.00
Amount paid by Medicaid	\$0.00

**Example 3:** Patient C is a beneficiary enrolled in Medicare Part B. The service rendered on the crossover claim equals \$150.00; however, the Medicare allowable payment for the service rendered is \$100.00. Medicare paid \$80.00 on the claim and Iowa Medicaid's fee for the service rendered is \$90.00.

- Medicare paid \$80.00 with a remaining \$20.00 in coinsurance. (\$100.00 - \$80.00).
- Iowa Medicaid's fee for this services is \$90.00.

Iowa Medicaid would pay the provider \$10.00 (\$90.00 - \$80.00).

Actual charge by provider	\$150.00
Amount allowed by Medicare	\$100.00
Amount paid by Medicare	\$80.00
Patient C Medicare coinsurance amount	\$20.00
Amount allowed by Medicaid	\$90.00
Amount paid by Medicaid	\$10.00

**Example 4:** Patient D is a beneficiary enrolled in Medicare Part B. The service rendered on the crossover claim equals \$150.00; however, the Medicare allowable payment for the service rendered is \$100.00. Medicare paid \$80.00 on the claim and Iowa Medicaid's fee for the service rendered is \$175.00.

- Medicare paid \$80.00 with a remaining \$20.00 in coinsurance (\$100.00 - \$80.00).
- Iowa Medicaid's fee for this service is \$175.00.

Iowa Medicaid would pay the provider \$20.00 (lesser of \$20.00 or \$175.00 - \$80.00).

Actual charge by provider	\$150.00
Amount allowed by Medicare	\$100.00
Amount paid by Medicare	\$80.00
Patient D Medicare coinsurance amount	\$20.00
Amount allowed by Medicaid	\$175.00
Amount paid by Medicaid	\$20.00

Iowa Medicaid covers the Part A or Part B cost sharing amounts for services **covered** in the Iowa Medicaid State Plan as follows:

Category	FFS	MC	Deductible	Coinsurance
Qualified Medicare Beneficiaries (QMB)	X		Yes	Yes
Qualified Medicare Beneficiaries- Plus (QMB Plus)	X	X	Yes	Yes
Full Benefit Dual Eligible Beneficiaries	X	X	Yes	Yes
Specified Low-Income Medicare Beneficiaries-Plus (SLMB Plus)	X	X	Yes	Yes
Specified Low-Income Medicare Beneficiaries (QI-1)	X		No	No
Specified Low-Income Medicare Beneficiaries (SLMB)	X		No	No

#### **Medicare Part A or Part B Deductible and Coinsurance – Medicaid Non-Covered Services**

Section 1902(a)(10)(E) of the Social Security Act directs state Medicaid agencies to reimburse providers for QMB cost sharing amounts *“without regard to whether the costs incurred were for items and services for which medical assistance is otherwise available under the plan.”*<sup>4</sup>. When the Medicare Part A or Part B crossover claim is for Medicare-covered services that are not included in the Medicaid State Plan (i.e., non-covered services), the state is still liable to pay the crossover using a reasonable special rate method, approved by the Centers for Medicare and Medicaid Services (CMS), for the service.

Iowa Medicaid will calculate the Medicaid fee at 50 percent of the Medicare allowed amount for the service.

Therefore, for services not covered in the Iowa Medicaid State Plan, Iowa Medicaid reimburses Medicare Part A or Part B cost sharing amounts up to the calculated Medicaid fee, less any amounts paid by Medicare and all other third party insurers. If this amount is negative, no Medicaid payment is made. If this amount is positive, Medicaid pays the lesser of:

- 1) The cost sharing amount up to the Medicare Part A or Part B deductible and/or coinsurance billed, **or**
- 2) The calculated Medicaid Fee less any amounts paid by Medicare and all other third party insurers.

**Example:** Patient E is a beneficiary enrolled in Medicare Part B. The service rendered on the crossover claim is not covered by Iowa Medicaid and equals \$150.00; however, the Medicare allowable payment for the service rendered is \$100.00. Medicare paid \$80.00 on the claim and the calculated Iowa Medicaid fee for the service rendered is \$50.00.

- Medicare paid \$80.00 with a remaining \$20.00 in coinsurance. (\$100.00-\$80.00)
- Calculated Iowa Medicaid fee for this service is \$50.00 (50% of \$100.00)

<sup>4</sup> <https://www.medicaid.gov/Federal-Policy-Guidance/downloads/CIB-06-07-2013.pdf>

The Medicare payment exceeds the calculated Iowa Medicaid fee amount; therefore, Iowa Medicaid does not make any additional payment to the provider.

Actual charge by provider	\$150.00
Amount allowed by Medicare	\$100.00
Amount paid by Medicare	\$80.00
Patient E Medicare coinsurance amount	\$20.00
Calculated amount allowed by Medicaid	\$50.00
Amount paid by Medicaid	\$0.00

Iowa Medicaid covers the Part A or Part B cost sharing amount for services **not covered** in the Iowa Medicaid State Plan as follows:

Category	FFS	MC	Deductible	Coinsurance
Qualified Medicare Beneficiaries (QMB)	X		Yes	Yes
Qualified Medicare Beneficiaries- Plus (QMB Plus)	X	X	Yes	Yes
Full Benefit Dual Eligible Beneficiaries	X	X	Yes	Yes
Specified Low-Income Medicare Beneficiaries-Plus (SLMB Plus)	X	X	Yes	Yes
Specified Low-Income Medicare Beneficiaries (QI-1)	X		No	No
Specified Low-Income Medicare Beneficiaries (SLMB)	X		No	No

#### **Submission Requirement for Claims that do not Crossover Electronically**

Effective for dates of service on or after July 1, 2017, the IME will no longer accept the following:

- Paper claims
- Medicare Crossover Invoice (Institutional) form 470-4707
- Medicare Crossover Invoice (Professional) form 470-4708

For Medicare Part A or Part B claims that do not crossover electronically from Medicare, providers must begin submitting Medicare Part A or Part B crossover claims electronically via the 837I (Institutional) or 837P (Professional) transaction.

**Medicaid FFS:** The IME offers free electronic billing software; PC-ACE Pro 32, available through [www.edissweb.com](http://www.edissweb.com). For more information on how to obtain PC-ACE software please visit: <http://www.ime.state.ia.us/Providers/Forms.html>. The downloading and installation instructions are located at the bottom of the page.

**Managed Care:** If you have questions about electronic billing software available through the MCOs, please contact the member's MCO at the telephone number listed below:

- Amerigroup Iowa, Inc. – Call Provider Services at 800-454-3730 or email [iowamedicaid@amerigroup.com](mailto:iowamedicaid@amerigroup.com)
- Iowa Total Care – Call Provider Services at 1-833-404-1061